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FM AMEMBASSY BISHKEK
TO RUEHC/SECSTATE WASHDC 1505
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHBJ/AMEMBASSY BEIJING 2740
RHEFDIA/DIA WASHDC
RUEKJCS/OSD WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEHGV/USMISSION GENEVA 1103
RUEHVEN/USMISSION USOSCE 3131
RUCNDT/USMISSION USUN NEW YORK 2517
RUEHNO/USMISSION USNATO BRUSSELS BE
RUEHBS/USEU BRUSSELS
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL

UNCLAS SECTION 01 OF 02 BISHKEK 001134

SENSITIVE
SIPDIS

DEPT FOR SCA/CEN (GORKOWSKI)

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [SOCI](#) [KG](#)

SUBJECT: KYRGYZ DEPUTY GOVERNOR BRIEFS AMBASSADOR ON LOCAL
CONDITIONS

REF: A. BISHKEK 1094
[1](#)B. BISHKEK 1124

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[1](#)1. (SBU) Summary: Issyk Kul Oblast Deputy Governor Alishbayev briefed the Ambassador October 23 about the Oblast's agricultural, mining and industrial sectors. The Oblast's greatest potential, however, appears to be further development of its tourism sector. While air links are limited, international financial institutions have aided in building water treatment and tourism facilities in the region. Neighboring countries are the source of most bilateral investment. End summary.

Staples of the Local Economy

[1](#)2. (U) In an October 23 meeting in Karakol (the capital of Issyk Kul Oblast), Deputy Governor Kalybek Alishbayev briefed the Ambassador on economic conditions and prospects affecting the Oblast's 374,000 residents. He focused on agricultural production (500,000 metric tons of potatoes and 200,000 metric tons of grain produced annually), milk production, and fruit exports before turning to mining operations in Kumtor (a Canadian-run gold mining operation) and in the Sary Jazz region. Alishbayev also highlighted a Kazakh-owned cement plant, purchased less than two years ago, which produces about 200,000 tons of cement annually. Due to overfishing and a subsequent commercial fishing moratorium for Lake Issyk Kul, he noted that local fish processing plants had been shuttered.

Realities of Investment

[1](#)3. (U) Turning to tourism, a major component of the local economy, Alishbayev highlighted the need for better infrastructure and lamented that the planned Tamchi airport runway extension (see reftel A) had not yet materialized after four years of discussion. However, he emphasized that

90% of the more than 200 resorts in Issyk Kul oblast were now in private hands. Alishbayev hoped that eco-tourism and winter tourism venues would develop to complement the existing summer tourism infrastructure.

¶4. (U) Alishbayev said most foreign investment in the tourism sector originated in Russia and Kazakhstan, but added that the European Bank for Reconstruction and Development had helped finance two prominent, modern resorts. He also praised Asian Development Bank projects which have added sewage treatment facilities in some of the major population centers along the shores of Lake Issyk Kul.

Powering the Future

¶5. (U) Alishbayev said that Issyk Kul oblast currently relies on power transmitted from Bishkek and the Toktogul hydroelectric cascade for its electricity needs. He said the Sary Jazz region, which abuts the Chinese border, has great hydroelectric potential, and was a potential area in which the Chinese might invest. Alongside large and small prospective hydroelectric facilities, Alishbayev said that local officials envisioned wind turbines operating in Balykchi, on the western shore of Lake Issyk Kul.

Comment

¶6. (SBU) Alishbayev's briefing to the Ambassador reiterated points we heard earlier during this trip regarding the importance local officials place on tourism as a key component of the region's economic development. The region

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has great tourism potential, but limited transportation and tourism infrastructure make it difficult to market the area outside of the region.
GFOELLER